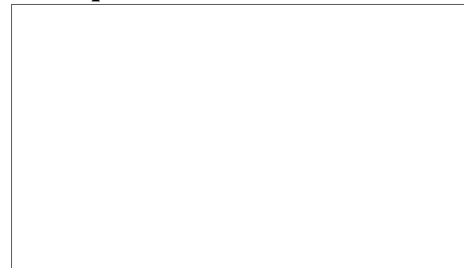




**Director of
Central
Intelligence**

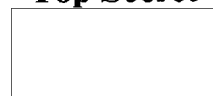


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National Intelligence Daily

***Monday
9 April 1979***

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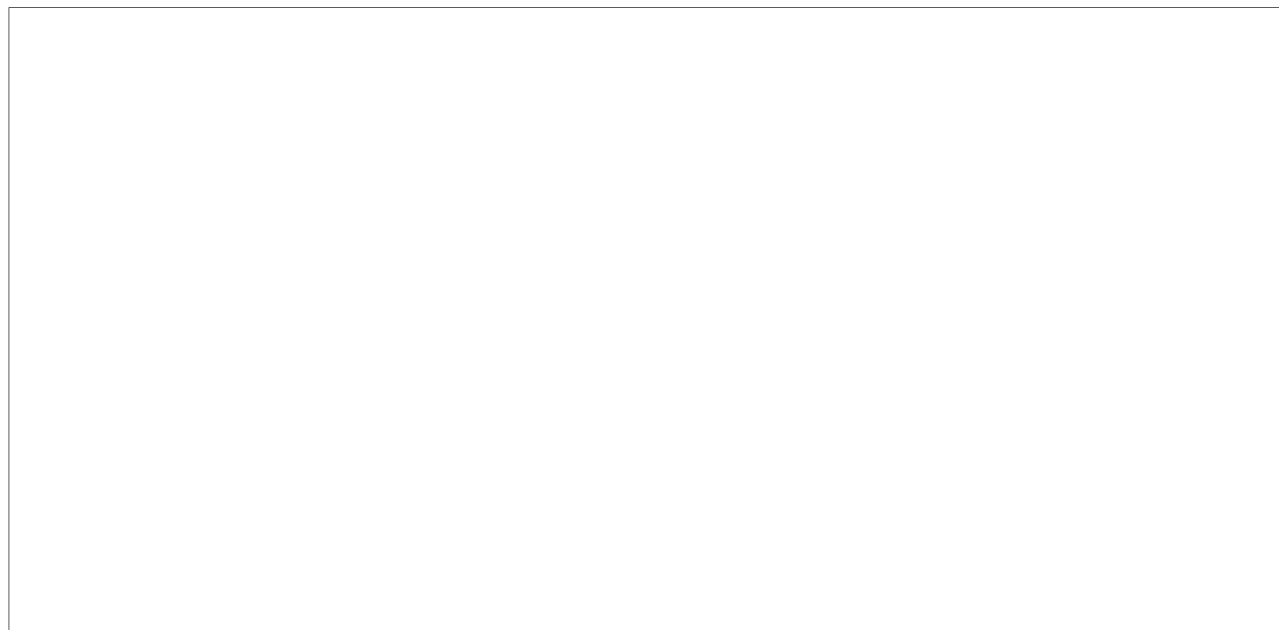
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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.



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IRAN: Khomeini Strengthens Position

Ayatollah Khomeini, in a move to sidetrack any possible challenge to his leadership of the Iranian revolution, has formed the People's Islamic Strugglers, a new militia force that will have no purpose other than to follow his instructions. Khomeini created the new force after the two armed guerrilla organizations, the People's Fedayeen and the Mujahadin, failed to give active support to the national referendum calling for an Islamic republic. Khomeini's new militia, along with the renewed trials and executions of former officials of the Shah's regime, could pave the way for a more repressive Islamic rightist government.

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A new system of Islamic justice, established last Thursday, will be administered under the revolutionary committee structure with only nominal connection to the provisional government. The absence of provisions for habeas corpus, access to counsel, bail, the calling of defense witnesses or appeal represent another major setback for Prime Minister Bazargan, who threatened to resign several weeks ago if the revolutionary courts were not brought under control.

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The sentencing and execution of former Prime Minister Hoveyda on Saturday quickly followed the promulgation of the new regulations. Former Air Force Commander General Rabii was among four former officials executed overnight, according to Iranian radio. Unconfirmed press reports state that 35 former officials of the Shah's regime recently have been arrested.

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ARGENTINA: Offers of Heavy Water Technology

West German and Swiss nuclear firms apparently have formally offered to sell heavy water technology to Argentina. The offers underscore the determination of major European firms to gain a foothold in the highly lucrative market for nuclear sales in Argentina, and they will put strong pressure on the Canadians, who are also in the competition, to make a similarly formal proposal.

According to a Canadian Foreign Ministry official in Ottawa, the Argentines last week opened technical proposals from West German and Swiss firms on nuclear power facilities, which included plans for construction of a heavy water production plant. Although we do not know the safeguards provisions of the proposals, neither the West Germans nor the Swiss have been insisting on full-scope safeguards as a precondition for the sale of such equipment. The Canadians are reported to be trying to negotiate with Argentina a "total energy package" worth more than \$1.5 billion, which would include a heavy water plant, provided the Argentines agree to abide by Canada's full-scope safeguards policy.

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There are strong commercial and political pressures, particularly in West Germany, to get a share of the Argentine market. The West German nuclear industry has not received any new reactor orders for several years, and officials in Bonn are seriously concerned about the industry's survival. The Swiss nuclear industry also is somewhat in the doldrums.

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The Argentines, who do not have to make a decision on the competing packages until mid-summer at the earliest, obviously will be looking for a good deal in the commercial and financial bids that must be submitted by 16 April. They have made clear, however, that the question of safeguards will be a primary factor in their final choice.

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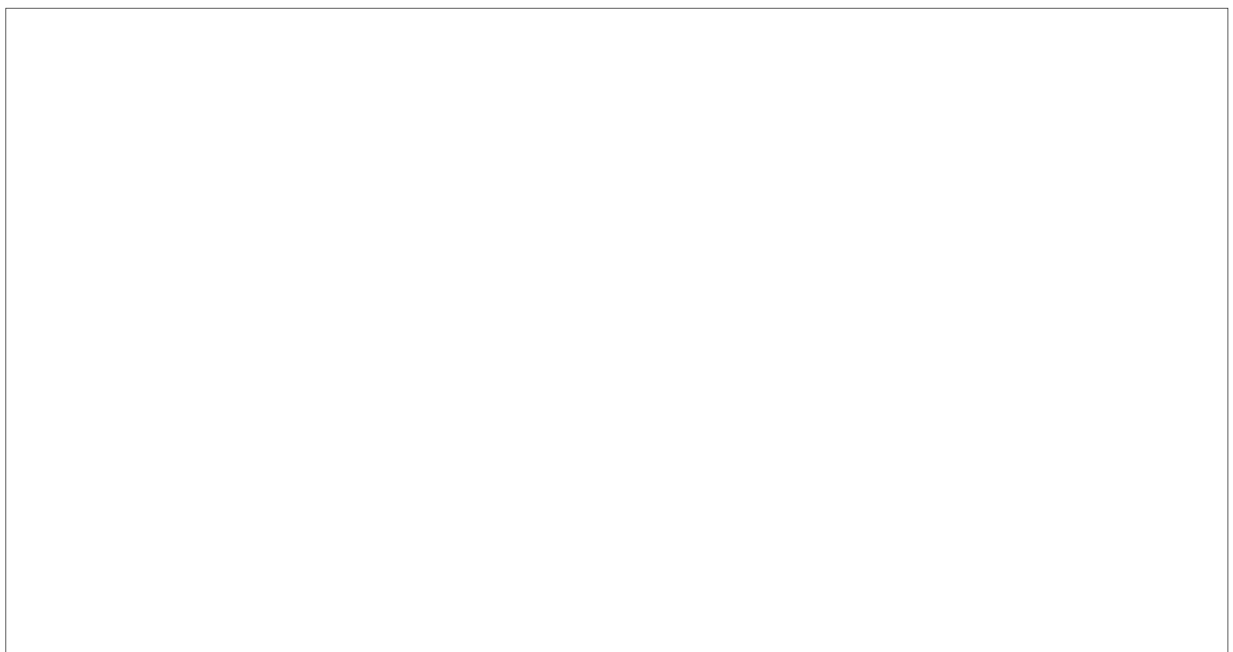
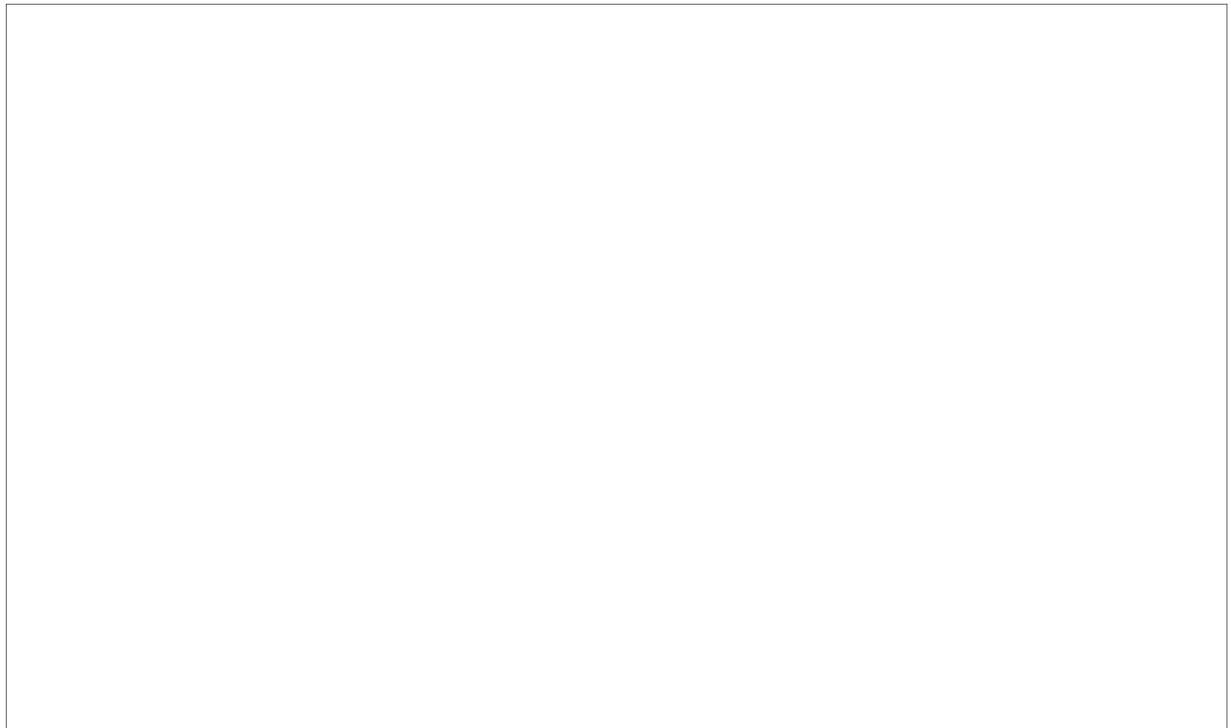
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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Japan

According to Western news agency reports, yesterday's local elections--the first on a national scale since Prime Minister Ohira took office in December--produced sweeping victories for his Liberal Democratic Party and conservative and centrist parties often associated with it in these contests. In terms of prefectural assembly seats, for example, the Liberal Democrats alone have garnered over 55 percent of the seats decided so far. They have also won the governorship of Tokyo Prefecture, which a Marxist professor of economics has held for 12 years.

Egypt

The People's Assembly today is scheduled to begin debate on the Egyptian-Israeli peace treaty, with an overwhelming endorsement expected when the full chamber votes tomorrow night. Today's issue of *al-Ahram* asserts that President Sadat, once parliament has acted, will call for a national referendum on the treaty and offer proposals to amend Egypt's constitution to allow the formation of political parties within certain limits. He is expected to begin an extensive domestic tour this week to seek popular support for the treaty and his policies in general.

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Italy

Assessing the Italian Communist Party in the wake of its party congress, the US Embassy in Rome comments that the party does not appear to be in evolutionary ferment. The emphasis on basic ideological tenets and on Italian Communism's ties to the USSR suggests to the Embassy that the party has probably reached the limits, for now, of what it wants or can do in the direction of evolution. The timing of the congress gave it something of the flavor of a rally for the national election in June, with a somewhat greater emphasis on the "constructive opposition" role of the party than on Communist cooperation with the Christian Democrats.



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Romania - Arab States

President Ceausescu arrived in Libya yesterday on the first leg of his African tour and conferred with Libyan leader Qadhafi. In another display of Bucharest's balanced Middle East policy, Romania and Egypt yesterday signed an agreement to produce freight cars worth \$312 million for Sudan.



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France

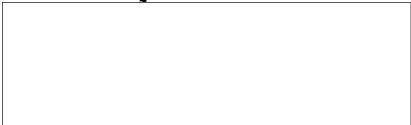
Press reports indicate that the Socialist Party's three-day congress, which ended yesterday in Metz, did not ease frictions among the party's several factions. Party leader Mitterrand's draft text of a statement of policy for the party won the support of a plurality, but not a majority, of the delegates. Mitterrand's younger rival, Michel Rocard, reportedly told the closing session that he and his supporters now formally consider themselves an opposition group within the Socialist movement. Rocard is a critic of Mitterrand's policies in dealing with the Communists in France's leftist alliance but yesterday reiterated that he would not contest Mitterrand in seeking the left's nomination for the French presidential election in 1981.

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